

To whom it may concern:

My response to the CDS Impact Statement is related to the subject of **Reverse Vending (RV)** in respect to the following:

1. Supply of RV Machinery
2. Location of collection points
3. Refund model / Payment system adoption

1. Supply

- Avoidance of a monopoly: Whilst recognising the pivotal role played by the company selected to supply collection services to the CDS scheme, I am anxious that WA should avoid the NSW model of a Cleanaway / TOMRA duopoly and / or any exclusive alliance with the designated collection company and the state regarding supply of RV machinery.
 - Choice of suppliers and avoidance of unnecessary capital costs: It would be a needless waste of public funds for the WA state government to take on the sole obligation to purchase and supply the RV equipment required for the CDS; Even with an alliance with the collection company, this would ultimately inhibit the scaling of the project. There is significant logic for the vending industry to invest in the opportunity, support technically, sustain and profit from the CDS initiative - the inclusion of interested parties in the vending industry would go a long way to assisting with -
 - Proportionate Operational Costs: We should consider that the more machines owned by the state, the more infrastructure will be required to sustain those machines including:
 - The costs of full time technicians
 - Training in current payment systems and the multi-platform mobile technology demanded by the market
 - Fully equipped workshop premises
 - The holding of a substantial parts inventory and
 - The attendant administrative costs associated with such an operation

The inclusion of interested vending industry players in the CDS project will alleviate the above concerns considerably

- Private Enterprise purchasers: I believe it is vital that companies that naturally generate waste, particularly in the form of glass and plastic bottle waste, should have the option to purchase their own RV machine for use on their premises. [In particular, hotels, pubs, large entertainment venues, schools and sporting facilities] That they can link electronically to the refund network and benefit without the need to use established collection points.
- RV Machinery capabilities: Clearly the build quality of the machines proposed for this scheme need to be of the highest standards of robustness, not simply as a deterrent to vandals but as an essential component to the longevity of the machines. Obviously storage capacity and the ability to provide sorted waste are vital, however perhaps the single most important feature of these machines will be their ability to either compact [in the case of plastic bottles] or crush [in the case of glass] so that double-recycling fraud is eliminated.

2. Location of collection points

The estimation that approximately 100 RV machines will provide coverage for the CDS in WA, suggests that an assessment has been made on the basis of a specific model and I would suggest the proposed number is inadequate for the task -

Ref:

- Refund points and infrastructure requirements [Page 15] and
- Table 14: "Description of cost assumptions" [Pg 52]

It does not in my opinion, fully consider consumer behavior or the opportunity for more logical placements of RV machines and is unlikely to effectively provide the capacity to satisfy the state's objective.

My reasons are these:

- I am not suggesting that the container deposit should be more than 10c, however one should concede that 10c is unlikely to be sufficiently motivating for single container depositors to make the effort to seek out a collection facility ?
- Table 14 - Description of cost assumptions Pg 52 suggests that these machines should be located near other vending machines, presumably in shopping centres. May I suggest that
 - Consumers who purchase drinks from vending machines seldom drink them in the same location – they take them away and are more likely to drink them in the parking

- lot or in their cars
- Consumers purchasing bottled drinks from supermarkets normally do so in bulk, for consumption either at home or in their cars

My solutions are these: [consideration of far more than 100 RV machines will be required to service the suggested locations]

- Bottles purchased in bulk for home consumption are going to be disposed of at home, however a significant volume of [particularly plastic water bottles] drinks are consumed in vehicles, therefore service stations such as BP / Shell / Caltex et al are likely to be far more effective collection points. Additionally commercial returns from the CDS will provide a sufficient level of viability for them to invest in their own RV machines in order to take advantage of the opportunity, relieving the state government from the need to fund their placement in those locations ?
- With respect to glass, by far the greatest beneficiaries of the CDS will be Hotels, pubs and restaurants. Whilst it may be neither economical nor practical for each to purchase their own RV machine, the logic of the larger of these venues having their own machine, is indisputable ?
- All large sporting and entertainment venues [including club, school and University sporting facilities] should invest in their own RV machines ? [Please see my comments under my Refund Model / Payments heading]
- Schools / Universities / Colleges / TAFEs – fund raising opportunities exist in all of these and could support the purchase of their own machines ?
- Caravan Parks and similar tourist based accommodation would, for the reasons above be both able to afford and interested in having their own machines ?

3. Refund model / Payment system adoption

Paperless receipt / refund slips: I am hoping that this scheme will NOT rely on paper tokens and that redemption will be entirely electronic. Any reliance on the use of paper for this purpose adds the following dimensions to the CDS

- The labour and goods cost of continual replenishment of paper receipt rolls
- The opportunity for token fraud
- Deterioration of trust in the event of a machine having run out of paper to print the token [who is going to bother to save another load of 50 bottles if they got nothing to show for their previous deposit ?]
- The solution is electronic, both the opportunity to be credited directly via contactless EMV chipped cards or via an App [with a QR code + interface to generate the credit]

Payment system adoption: Negotiation of viable transaction costs will be vital to this scheme. The fact that many of the collection facilities will be unattended adds a level of transactional cost to the

equation that is unlikely to support single container deposits by virtue of most “gateway” fees being in excess of the planned 10c deposit.

Thank you for the opportunity to contribute,

Sincerely,

Geoff Sedgwick

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Director
Unattended Sales Australia Pty Ltd

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